

Auditing Procedures Report

Issued under P.A. 2 of 1986, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of White Lake	County Oakland
Fiscal Year End December 31, 2006	Opinion Date May 21, 2007	Date Audit Report Submitted to State May 22, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

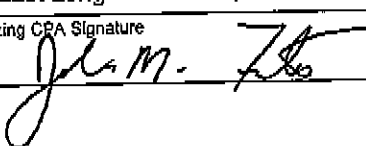
YES NO

Check each applicable box below. (See Instructions for further detail.)

- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
- ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
- ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
- ☒ ☐ The local unit has adopted a budget for all required funds.
- ☒ ☐ A public hearing on the budget was held in accordance with State statute.
- ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
- ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
- ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
- ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
- ☐ ☒ The local unit is free of repeated comments from previous years.
- ☒ ☐ The audit opinion is UNQUALIFIED.
- ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
- ☐ ☒ The board or council approves all invoices prior to payment as required by charter or statute.
- ☐ ☒ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Janz & Knight, P.L.C.		Telephone Number 248-646-9666	
Street Address 300 East Long Lake Road, Suite 360		City Bloomfield Hills	State MI
Authorizing CPA Signature 		Printed Name John M. Foster	Zip 48304
		License Number 1101016537	

TOWNSHIP OF WHITE LAKE, MICHIGAN

OAKLAND COUNTY, MICHIGAN

Report on Audit of Accounts

December 31, 2006

TOWNSHIP OF WHITE LAKE, MICHIGAN

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50
YEARS
1954-2004

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Township of White Lake, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Township of White Lake, Michigan, as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of White Lake, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of White Lake, Michigan, as of December 31, 2006 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of White Lake, Michigan basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Very truly yours,



Certified Public Accountants

Bloomfield Hills, Michigan

May 21, 2007

TOWNSHIP OF WHITE LAKE, MICHIGAN

December 31, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Charter Township of White Lake's (the Township) management's discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the Township's financial activity, identify changes in the Township's financial position (its ability to address the next and subsequent years' challenges), identify significant variances from the approved budget, and identify individual fund issues or concerns.

Using this Annual Report

The Township's annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than government-wide financial statements.

Government-Wide Financial Statements

The government-wide financial statements consist of the Statement of Net Assets and Statement of Activities. They are designed to be corporate-like in that all governmental and business-type funds are consolidated into columns which add to a total for the primary government. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are also taken into account regardless of timing of cash being paid or received.

The Township as a Whole

Net Assets - The Township's combined net assets were \$34.4 million at the close of the year ended December 31, 2006. This represents an increase of \$1.0 million or a 3% increase from a year ago. As we look at governmental activities separately from the business-type activities, we can see that the governmental activities net assets have seen an increase of approximately \$640,000. This increase was primarily the result of assets being capitalized that will be expensed as depreciation over their useful lives. Also a portion of this increase is from a Fire Fund surplus of approximately \$230,000. This surplus is restricted for future equipment acquisitions in the Fire Fund. The business-type activity net assets has experienced a \$360,000 increase. This increase was primarily the result of assets being capitalized that will be expensed as depreciation over their useful lives.

The following table reflects the condensed Statement of Net Assets for the years ended December 31, 2006 and 2005:

Table 1
Statement of Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activity</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
ASSETS						
Current and other assets	\$ 25,762,193	\$ 25,926,621	\$ 4,576,609	\$ 4,645,669	\$30,338,802	\$30,472,290
Capital assets	19,971,660	19,365,851	4,388,469	4,231,692	24,360,118	23,597,543
Total assets	<u>\$ 45,733,853</u>	<u>\$ 45,192,472</u>	<u>\$ 8,965,067</u>	<u>\$ 8,877,361</u>	<u>\$54,698,920</u>	<u>\$54,069,833</u>
LIABILITIES AND NET ASSETS						
Current and other liabilities	\$ 9,767,932	\$ 9,090,937	\$ 135,417	\$ 354,967	\$ 9,893,349	\$ 9,435,804
Long term debt outstanding	10,049,267	10,828,084	355,000	405,000	10,404,267	11,231,084
Total liabilities	\$ 19,807,199	\$ 19,907,021	\$ 490,417	\$ 759,967	\$20,297,616	\$20,666,666
Not assets:						
Invested in capital assets, net of related debt	9,145,576	7,623,502	3,983,459	3,776,692	13,129,034	11,400,194
Restricted	14,756,188	15,893,918	3,596,656	3,585,869	18,353,045	19,479,787
Unrestricted	2,024,889	1,788,031	894,336	754,933	2,919,225	2,522,964
Total net assets	<u>\$ 25,926,654</u>	<u>\$ 25,265,451</u>	<u>\$ 8,474,650</u>	<u>\$ 8,117,494</u>	<u>\$34,401,304</u>	<u>\$33,402,945</u>
Total liabilities and net assets	<u>\$ 45,733,853</u>	<u>\$ 45,192,472</u>	<u>\$ 8,965,067</u>	<u>\$ 8,877,361</u>	<u>\$54,698,920</u>	<u>\$54,069,833</u>

TOWNSHIP OF WHITE LAKE, MICHIGAN

December 31, 2006

Unrestricted net assets are net assets that can be used to finance day to day operations. Restricted net assets of the Township totaled approximately \$18.4 million at December 31, 2006. These net assets have limitations on their use that were imposed by restrictions such as enabling legislation, grant or bond covenants. The investment in capital assets represents the Township's capital assets that provide services to citizens; accordingly, these assets are not available for future spending.

The following table shows the changes in net assets for the years ended December 31, 2006 and 2005:

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2006	2005	2006	2005	2006	2005
Program Revenue:						
Charges for services	\$ 2,785,926	\$ 3,455,756	\$ 743,106	\$ 777,930	\$ 3,529,042	\$ 4,233,687
Operating grants and contributions	482,768	449,806			482,768	449,806
Capital grants and contributions	126,916	41,854	222,521	1,161,261	349,837	1,203,115
General Revenue:						
Property taxes	5,900,702	5,473,366			5,900,702	5,473,366
State shares revenue	2,072,142	2,111,683			2,072,142	2,111,683
Unrestricted Investment Income	981,018	692,245	212,335	131,697	1,193,353	814,942
Franchise fees	292,261	263,962			292,261	263,962
Miscellaneous	221,599	199,566	5,020	55	226,619	199,621
Loss on sale of assets	(21,857)	(954)			(21,857)	(954)
Total revenues	\$ 12,840,905	\$ 12,878,283	\$ 1,182,982	\$ 2,070,943	\$14,023,887	\$14,749,226
Program Expenses:						
General government	2,301,181	2,217,294			2,301,181	2,217,294
Public safety	6,394,049	6,086,073			6,394,049	6,086,073
Public works	2,355,828	2,167,090			2,355,828	2,167,090
Health and welfare	89,023	76,613			89,023	76,613
Community and economic development	530,137	507,292			530,137	507,292
Recreation and culture	239,591	186,750			239,591	186,750
Interest on long term debt	289,893	312,899	24,977	26,778	314,870	339,677
Water			800,849	761,893	800,849	761,893
Total program expenses	\$ 12,192,702	\$ 11,554,001	\$ 825,826	\$ 788,671	\$13,018,528	\$12,342,672
Increase in net assets	\$ 648,203	\$ 1,324,282	\$ 357,156	\$ 1,282,272	\$ 998,369	\$ 2,406,554
Net assets - beginning of year	25,285,451	24,161,169	6,117,494	6,835,222	33,402,945	30,996,391
Net assets - end of year	\$ 25,926,654	\$ 25,285,451	\$ 6,474,650	\$ 8,117,494	\$34,401,304	\$33,402,945

As shown in the above table total revenues were approximately \$14.0 million for the year ended December 31, 2006. Of these revenues 42% was obtained from property taxes, 25% for fees charged for services, 15% for state shared revenues and 8% for Investment Income. Total expenses were approximately \$13.0 million, of which 49% was for public safety, 18% was for general government and 18% was for public works.

Business Type Activities

The Township's business-type activity consists of the Water Fund. At December 31, 2006 the Township was providing water to 1,769 customers. This is compared to 1,688 customers at December 31, 2005.

In 2005, the Water Fund started construction of a water main extension (located between Bogie Lake Road and the Township Hall). The total amount spent to date was \$824,430. This project will be completed in 2007.

December 31, 2006

The Township Funds

The analysis of the Township's major funds begins on page 11, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2006 include the General Fund, Fire Fund, Police Fund, Improvement Revolving Fund, Special Assessment Fund, Sewer Debt Fund, and the Pontiac Lake Sewer Debt Fund.

The General Fund is the main operating fund of the Township. Total revenues and other financing sources for the year were approximately \$5,767,000. Of this revenue, state-shared revenue accounted for 39% and property taxes 20% of the total revenue. Total expenditures and other financing uses for the year were approximately \$5,650,000. This included operating transfers of approximately \$1,077,000 to the Fire and Police Funds (to subsidize operating short-falls in those funds). At December 31, 2006 the unreserved fund balance of \$2,024,889 represented 36% of the total General Fund expenditures and other financing uses for the year.

The Fire Fund is used to account for fire services to Township residents. Total revenues and other financing sources for the year were approximately \$2,577,000. Of this revenue, property taxes accounted for 71% and General Fund transfers in accounted for 27% of the total revenues. Total expenditures for the year were approximately \$2,948,000. Of this amount 65% related to employee costs. The fund balance of \$4,731,445 is reserved for future equipment acquisitions and new personnel.

The Police Fund is used to account for police services to Township residents. Total revenues and other financing sources for the year were approximately \$3,623,000. Of this revenue, property taxes accounted for 81% and General Fund transfers in accounted for 11% of the total revenue. Total expenditures for the year were approximately \$3,623,000. Of this amount 85% related to employee costs. Currently, there is no fund balance reserved for future equipment acquisitions.

The Improvement Revolving Fund is used to account for money advanced for future capital and emergency needs of the Township. During the year, the Township transferred approximately \$834,000 to the General Fund to acquire property, pay professional fees for the Corridor Improvement Authority, purchase technological equipment and software, and finance PA 188 activities. The fund balance of this fund at year end was approximately \$2,628,000.

The Special Assessment Fund is used to account for the solid waste and various other special assessments (lake quality, etc.) of the Township. Total revenues for the year were approximately \$1,630,000 and were primarily earned through assessments to those residents benefiting from the services being provided. The fund balance of \$562,002 is restricted for various special assessment services.

The Sewer Debt Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs associated with the construction of Township sewers. The total revenue for the year was approximately \$355,000 and was primarily earned through new connection charges. Expenditures for the year were approximately \$647,000 and consisted of principal and interest charges on related debt. The fund balance of \$2,336,778 is reserved for future debt related expenditures. At December 31, 2006 the outstanding principal on the sewer debt was \$6,590,000.

The Pontiac Lake Sewer Debt Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs associated with the construction of the Pontiac Lake Sewers. The total revenue for the year was approximately \$508,000 and was primarily earned through special assessment charges. Expenditures for the year were approximately \$401,000 and consisted primarily of principal and interest charges on related debt. The fund balance of \$1,932,273 is reserved for future debt related expenditures. At December 31, 2006 the outstanding principal on the Pontiac Lake sewer debt was \$4,205,000.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. Operating Transfers In were amended to reflect board authorized use of funds from the Improvement Revolving Fund.

The Accounting Department budget was amended to reflect additional payroll costs for an additional employee. The legal fees, conservation services and planning department amended their budgets to reflect increased professional services rendered. The Planning Department budget was also amended to reflect additional payroll costs. The capital outlay budgets were amended to reflect the purchase of a vehicle, property, and technological equipment and software. Operating Transfers Out were amended to finance PA 188 activity.

Township departments overall stayed below budget, resulting in total expenditures \$427,876 below budget. This allowed the General Fund's fund balance to increase from \$2,105,208 a year ago to \$2,222,108 at December 31, 2006.

TOWNSHIP OF WHITE LAKE, MICHIGAN

December 31, 2006

Capital Asset and Debt Administration

Capital Assets

At the end of 2006, the Township had \$24,360,118 invested in a broad range of capital assets (net of accumulated depreciation), including buildings, police and fire equipment, and water and sewer lines. In addition, the Township has invested significantly in roads and related infrastructure within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the Oakland County Road Commission (along with the responsibility to maintain them).

During the year, the Township completed construction of the Pontiac Lake sewers. This sewer line was added to the sewer system totaling \$4,384,332.

In 2005, the Township's Water Fund began construction of a new water main extension. The estimated costs of this project are expected to be approximately \$900,000. Construction costs incurred on this project through 2006 were \$824,430.

During the year, the Township began construction of a new sewer line extension along Teggerdine. Construction costs incurred on this project in 2006 were \$38,334. The estimated costs of this project are expected to be approximately \$140,000.

During the year, the Township began a paving and fencing project at a park and various water department facilities. Construction costs incurred on this project in 2006 were \$150,857. The estimated costs of this project are expected to be approximately \$193,000.

Other major expenditures for capital assets during the year included the following:

1. Purchase of technological equipment and software totaling \$94,631;
2. Election equipment totaling \$126,316;
3. Vehicles totaling \$124,119;
4. Fire truck totaling \$439,339;
5. Property acquisition totaling \$602,820.

Long-Term Debt

The Township's total governmental indebtedness as of December 31, 2006 is \$10,826,084, which is below the debt limitation of \$146,222,867. Of this amount, \$10,195,000 are general obligation bonds.

The Township does not currently have a rating from Standard & Poor's. Additional information on Township long-term debt can be found in Note F.

Economic Factors and Next Year's Budgets and Rates

The Township has considered what to anticipate in the coming year when creating its 2007 budget. Many of the normal operating revenues and expenditures are consistent with prior years.

Revenues:

The Building Department revenues were down significantly in 2006, but the Township expects a rebound due to new developments.

Property tax rates for 2007 were reduced by approximately 0.12% to reflect "Headlee" limitations.

Expenditures:

Building Department was increased to reflect additional personnel and related costs.

General Fund operating transfers to the Fire Fund were reduced in anticipation of lower funding requirements.

The 2007 General Fund budget expects a deficit of approximately \$374,000. Accordingly, the Township is planning on using some of the prior years accumulated reserves. The projected General Fund's fund balance at December 31, 2007 is \$1,848,000 which represents approximately 33% of the General Fund expenditures for the year. The Township has available approximately \$2,628,000 in the Improvement Revolving Fund to offset this deficit, as determined needed.

TOWNSHIP OF WHITE LAKE, MICHIGAN

December 31, 2006

Request for Information

This financial report is intended to provide citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions or concerns about this report or need additional information, contact the Clerk's Office, at the Township of White Lake, 7525 Highland Road, White Lake, Michigan 48383.

TOWNSHIP OF WHITE LAKE, MICHIGAN

STATEMENT OF NET ASSETS

DECEMBER 31, 2006

	Governmental Activities	Business-type Activity	Total
ASSETS			
Cash and cash equivalents	\$ 14,991,808	\$ 191,851	\$ 14,583,659
Receivables:			
Taxes	3,249,347	75,274	3,324,621
Customers		182,279	182,279
Interest	65,527	14,028	79,555
Special assessments	3,087,508	471,818	3,559,326
Agency funds	4,657,466		4,657,466
Other	93,415		93,415
Due from other governments	256,044		256,044
Deposits		5,581	
Internal balances	(38,922)	38,922	
Restricted assets - cash and cash equivalents		3,596,856	3,596,856
Capital assets, net	19,971,660	4,388,458	24,360,118
Total assets	\$ 45,733,853	\$ 8,965,067	\$ 54,698,920
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable and other liabilities	\$ 424,035	\$ 74,737	\$ 498,772
Accrued wages	154,867	4,480	159,147
Accrued interest	67,000	6,200	73,200
Deferred revenue	8,237,713		8,237,713
Compensated absences	97,700		97,700
Noncurrent liabilities:			
Due within one year	776,817	50,000	826,817
Due in more than one year	10,049,267	355,000	10,404,267
Total liabilities	\$ 19,807,199	\$ 490,417	\$ 20,297,616
Net assets:			
Invested in capital assets, net of related debt	9,145,576	3,983,458	13,129,034
Restricted for:			
Debt service	6,381,338		6,381,338
Capital projects	16,723		16,723
Fire equipment	4,731,445		4,731,445
Building permit	164,761		
Other	3,481,922	3,596,856	7,058,778
Unrestricted	2,024,889	894,336	2,919,225
Total net assets	\$ 25,926,654	\$ 8,474,650	\$ 34,401,304
Total liabilities and net assets	\$ 45,733,853	\$ 8,965,067	\$ 54,698,920

The attached notes are an integral part of the financial statements.

TOWNSHIP OF WHITE LAKE, MICHIGAN

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 2,301,181	\$ 203,590	\$ 93,351	\$ 126,316
Public safety	6,394,049	597,661	40,141	
Public works	2,355,828	1,942,291	273,499	
Health and welfare	89,023	2,169	63,580	
Community and economic development	530,137	20,222		
Recreation and culture	239,591	20,003	12,217	
Interest on long term debt	289,893			
Total governmental activities	\$ 12,199,702	\$ 2,785,936	\$ 482,788	\$ 126,316
Business-type activity:				
Water	\$ 825,826	\$ 743,106	\$	\$ 222,521
Total primary government	\$ 13,025,528	\$ 3,529,042	\$ 482,788	\$ 348,837

General revenues:

Property taxes
 State shared revenues
 Unrestricted investment income
 Franchise fees
 Miscellaneous
 Special item - sale of fixed assets

Total general revenues and special items

Changes in net assets

Net assets - January 1, 2006

Net assets - December 31, 2006

The attached notes are an integral part of the financial statements.

Net (Expense) Revenue and
Changes In Net Assets

Governmental Activities	Business-type Activity	Total
\$ (1,877,924)	\$	\$ (1,877,924)
(5,756,247)		(5,756,247)
(140,038)		(140,038)
(23,274)		(23,274)
(509,915)		(509,915)
(207,371)		(207,371)
(289,893)		(289,893)
<u>\$ (8,804,662)</u>	<u>\$</u>	<u>\$ (8,804,662)</u>
 \$	 \$ 139,801	 \$ 139,801
<u>\$ (8,804,662)</u>	<u>\$ 139,801</u>	<u>\$ (8,664,861)</u>
 5,900,702		5,900,702
2,072,142		2,072,142
981,018	212,335	1,193,353
292,261		292,261
221,599	5,020	226,619
(21,857)		(21,857)
<u>\$ 9,445,665</u>	<u>\$ 217,355</u>	<u>\$ 9,663,020</u>
 \$ 641,203	 \$ 357,156	 \$ 998,359
<u>25,285,451</u>	<u>8,117,494</u>	<u>33,402,945</u>
<u>\$ 25,926,654</u>	<u>\$ 8,474,650</u>	<u>\$ 34,401,304</u>

The attached notes are an integral part of the financial statements.

TOWNSHIP OF WHITE LAKE, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2006

	General	Fire Fund	Police Fund	Improvement Revolving Fund
ASSETS				
Cash and cash equivalents	\$ 1,613,292	\$ 4,791,097	\$ 122,637	\$ 2,811,857
Receivables:				
Taxes	589,008	951,951	1,535,785	
Interest				3,327
Special assessments				
Other	93,415			
Due from other funds	1,378,293	1,008,661	1,636,150	
Due from other governments	162,092		11,288	
Total assets	\$ 3,836,100	\$ 6,751,709	\$ 3,305,840	\$ 2,815,184
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and other liabilities	\$ 222,774	\$ 38,678	\$ 40,840	\$
Accrued salaries and wages	33,970	20,975	99,722	
Deferred revenue	1,213,334	1,960,611	3,163,028	
Due to other funds	57,864		2,250	186,983
Advance from other funds	86,050			
Total liabilities	\$ 1,613,992	\$ 2,020,264	\$ 3,305,840	\$ 186,983
Fund balances:				
Reserved for:				
Debt service				
Building permit	164,761			
Other	32,458	4,731,445		
Unreserved, reported in:				
General Fund	2,024,889			
Special Revenue Funds				2,628,201
Capital Project Funds				
Total fund balances	\$ 2,222,108	\$ 4,731,445	\$	\$ 2,628,201
Total liabilities and fund balances	\$ 3,836,100	\$ 6,751,709	\$ 3,305,840	\$ 2,815,184

The attached notes are an integral part of the financial statements.

Special Assessment Fund	Sewer Debt Fund	Pontiac Lake Sewer Debt Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 800,440	\$ 2,415,377	\$ 1,447,256	\$ 389,852	\$ 14,391,808
	1,087		171,536	3,249,347
		62,200		65,527
703,200		2,232,985	151,323	3,087,508
				93,415
886,747	52,997	368,186	229,282	5,560,316
	29,088	7,848	45,728	256,044
<u>\$ 2,390,387</u>	<u>\$ 2,498,549</u>	<u>\$ 4,118,475</u>	<u>\$ 987,721</u>	<u>\$ 26,703,965</u>
\$ 113,949	\$ 7,800	\$	\$	\$ 424,035
				154,667
1,570,771		2,179,287	499,264	10,586,295
143,671	153,971	6,915	304,068	855,722
				86,050
<u>\$ 1,828,385</u>	<u>\$ 161,771</u>	<u>\$ 2,186,202</u>	<u>\$ 803,332</u>	<u>\$ 12,106,769</u>
	2,836,778	1,932,273		4,269,051
				164,761
				4,763,903
				2,024,889
562,002			167,666	3,357,869
			16,723	16,723
<u>\$ 562,002</u>	<u>\$ 2,996,778</u>	<u>\$ 1,932,273</u>	<u>\$ 184,389</u>	<u>\$ 14,597,196</u>
<u>\$ 2,390,387</u>	<u>\$ 2,498,549</u>	<u>\$ 4,118,475</u>	<u>\$ 987,721</u>	<u>\$ 26,703,965</u>

The attached notes are an integral part of the financial statements.

TOWNSHIP OF WHITE LAKE, MICHIGAN

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

DECEMBER 31, 2006

Total governmental fund balances. \$ 14,597,196

Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are not financial
resources, and are not reported in the governmental funds:

Governmental capital assets	\$ 24,943,187	
Less accumulated depreciation	<u>(4,971,527)</u>	19,971,660

Special assessments are expected to be collected over several years, and are not available to pay for current year expenditures.		2,348,582
--	--	-----------

Long-term liabilities, including compensated absences, are not due and payable in the current period and are not reported in the funds including related accrued interest.		<u>(10,990,784)</u>
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Net assets of governmental activities		<u>\$ 25,926,654</u>
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JANZ & KNIGHT, P.L.C. - CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF WHITE LAKE, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2006

	General	Fire Fund	Police Fund	Improvement Revolving Fund
Revenues:				
Taxes	\$ 1,134,743	\$ 1,823,710	\$ 2,942,249	\$
Licenses and permits	656,492			
Federal sources		21,134		
State sources	2,276,190		16,007	
Charges for services	162,399		39,408	
Fines and forfeitures			140,289	
Interest and rents	430,579	25,980	42,129	145,030
Other	272,978	12,185	59,667	
Total revenues	\$ 4,933,381	\$ 1,883,009	\$ 3,239,749	\$ 145,030
Expenditures:				
Current:				
General government	2,079,875			
Public safety	563,410	1,878,808	3,508,075	
Public works	164,062			
Health and welfare	79,590			
Community and economic development	519,744			
Recreation and culture	196,280			
Other	12,895			
Capital outlay	880,179	469,543	114,460	38,334
Debt service:				
Principal payments	6,265			
Interest and fiscal charges	2,924			
Total expenditures	\$ 4,505,224	\$ 2,348,349	\$ 3,622,535	\$ 38,334
Excess of revenues over (under) expenditures	\$ 428,157	\$ (465,340)	\$ (382,786)	\$ 106,696
Other financing sources (uses):				
Operating transfers in	833,655	693,904	383,008	
Operating transfers out	(1,144,912)		(222)	(833,655)
Total other financing sources (uses)	\$ (311,257)	\$ 693,904	\$ 382,786	\$ (833,655)
Excess of revenues and other sources over (under) expenditures and other uses	\$ 116,900	\$ 228,564	\$	\$ (726,959)
Fund balance - January 1, 2006	2,105,208	4,502,881		3,355,160
Fund balance - December 31, 2006	\$ 2,222,108	\$ 4,731,445	\$	\$ 2,628,201

The attached notes are an integral part of the financial statements.

Special Assessment Fund	Sewer Debt Fund	Pontiac Lake Sewer Debt Fund	Non-Major Governmental Funds	Total Governmental Funds
\$	\$	\$	\$	\$ 5,900,702
				656,492
			98,741	119,875
				2,292,197
	235,427	31,071	241,430	709,735
			2,876	143,165
70,487	112,702	151,097	26,553	1,004,557
1,559,996	6,916	325,965	24,869	2,262,576
\$ 1,630,483	\$ 355,045	\$ 508,133	\$ 394,469	\$ 13,089,299
			86,524	2,166,399
			10,370	5,960,661
1,675,686			246,973	2,086,721
				79,590
				519,744
			12,217	208,497
				12,895
			10,360	1,512,876
	475,000	285,000	150,000	916,265
	171,850	116,284	3,825	294,693
\$ 1,675,686	\$ 646,850	\$ 401,294	\$ 520,269	\$ 13,758,541
\$ (45,203)	\$ (291,805)	\$ 106,839	\$ (125,800)	\$ (669,242)
			68,222	1,978,789
				(1,978,789)
\$	\$	\$	\$ 68,222	\$
\$ (45,203)	\$ (291,805)	\$ 106,839	\$ (57,578)	\$ (669,242)
607,205	2,628,583	1,825,434	241,967	15,266,438
\$ 562,002	\$ 2,336,778	\$ 1,932,273	\$ 184,389	\$ 14,597,196

The attached notes are an integral part of the financial statements.

TOWNSHIP OF WHITE LAKE, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2006

Net change in fund balances - total governmental fund		\$ (669,242)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:		
Expenditures for capital assets	\$ 1,465,470	
Less current year depreciation.	<u>(821,796)</u>	643,674
Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year end		
		(210,529)
Accrued interest is recorded in the statement of activities		
		5,000
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		
		916,265
Increase in accumulated employee sick pay are recorded when earned in the statement of activities		
		(6,100)
Governmental funds report proceeds from sale; in the statement of activities, only the respective gain or loss is recognized		
		<u>(37,865)</u>
Change in net assets of governmental activities		<u>\$ 641,203</u>

The attached notes are an integral part of the financial statements.

TOWNSHIP OF WHITE LAKE, MICHIGAN
STATEMENT OF NET ASSETS
PROPRIETARY FUND TYPE - ENTERPRISE FUND

December 31, 2006

	Business-type Activity Water Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 191,851
Receivables:	
Taxes	75,274
Customers	182,279
Special assessments	65,800
Interest	14,028
Due from other funds	25,882
Deposits	5,581
Total current assets	<u>\$ 560,695</u>
Noncurrent assets:	
Restricted assets - cash and cash equivalents	3,596,856
Advances to other funds	86,050
Receivable - special assessment	406,018
Capital assets, net	4,388,458
Total noncurrent assets	<u>\$ 8,477,382</u>
Total assets	<u><u>\$ 9,038,077</u></u>
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable and other liabilities	\$ 74,737
Accrued wages	4,480
Accrued interest	6,200
Due to other funds	73,010
Current portion of long term debt	50,000
Total current liabilities	<u>\$ 208,427</u>
Noncurrent liabilities:	
Bond payable	<u>355,000</u>
Total liabilities	<u>\$ 563,427</u>
Net assets:	
Invested in capital assets, net of related debt	3,983,458
Restricted for:	
Other purposes	3,596,856
Unrestricted	894,336
Total net assets	<u>\$ 8,474,650</u>
Total liabilities and net assets	<u><u>\$ 9,038,077</u></u>

The attached notes are an integral part of the financial statements.

TOWNSHIP OF WHITE LAKE, MICHIGAN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND TYPE - ENTERPRISE FUND

For the Year Ended December 31, 2006

	Business-type Activity
	Water Fund
Operating revenue:	
Water sales	\$ 719,981
Meters	11,465
Penalties	7,660
Miscellaneous	4,000
Total operating revenue	\$ 743,106
Operating expenses:	
Salaries	235,844
Social security	18,002
Employee insurance	77,301
Pension	16,612
Office supplies and expenses	10,446
Operating supplies	33,930
Chemicals	28,623
Water testing	9,183
Professional fees	10,287
Communications	2,263
Transportation expense and repairs	7,934
General insurance	65,225
Utilities	50,347
Repairs and maintenance	81,283
Dues and subscriptions	3,453
Training	3,862
Miscellaneous	3,918
Depreciation and amortization	142,335
Total operating expenses	\$ 800,848
Operating income (loss)	\$ (57,742)
Nonoperating revenues (expenses):	
Privilege fees	44,951
Capital surcharges	147,720
Special assessments	29,850
Interest income	212,335
Miscellaneous income	5,020
Interest expense	(24,978)
Total nonoperating revenues (expenses)	\$ 414,898
Change in net assets	\$ 357,156
Net assets - January 1, 2006	8,117,494
Net assets - December 31, 2006	\$ 8,474,650

The attached notes are an integral part of the financial statements.

TOWNSHIP OF WHITE LAKE, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE - ENTERPRISE FUND

For the Year Ended December 31, 2006

	Business-type Activity Water Fund
Cash flows from operating activities:	
Receipts from customers	\$ 730,411
Payments to suppliers	(608,163)
Payments to employees	(235,564)
Net cash provided (used) by operating activities.	\$ (113,336)
Cash flows from capital and related financing activities:	
Purchase of capital assets.	(299,103)
Principal paid on capital debt.	(50,000)
Interest paid on capital debt	(24,978)
Privilege fees.	44,951
Capital surcharges.	147,720
Special assessments	57,568
Miscellaneous income.	5,020
Net cash provided (used) by capital and related financing activities.	\$ (118,822)
Cash flows from investing activities:	
Interest income	220,907
Net Increase (decrease) in cash and cash equivalents.	\$ (11,251)
Cash and cash equivalents - January 1, 2006	3,799,959
Cash and cash equivalents - December 31, 2006	\$ 3,788,707
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (57,742)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	142,335
Changes in assets and liabilities:	
(Increase) decrease in receivables.	(12,695)
(Increase) decrease in due from other funds	(19,513)
(Increase) decrease in deposits	(5,581)
Increase (decrease) in accounts payable and other liabilities	(219,710)
Increase (decrease) in accrued wages.	260
Increase (decrease) in due to other funds	59,310
Net cash provided (used) by operating activities.	\$ (113,336)

The attached notes are an integral part of the financial statements.

TOWNSHIP OF WHITE LAKE, MICHIGAN
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS

DECEMBER 31, 2006

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 6,185,498
Total assets.	\$ 6,185,498
LIABILITIES	
Accounts payable and other liabilities.	\$ 962,115
Due to other funds.	4,657,466
Due to other governments.	556,418
Due to others	9,499
Total liabilities	\$ 6,185,498

The attached notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A - Summary of Significant Accounting Policies

The accounting policies of the Township of White Lake conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township of White Lake.

Reporting Entity

The Township of White Lake is governed by an elected seven-member Board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable.

Blended Component Units

A blended component unit is a legally separate entity from the Township of White Lake, but is so intertwined with the unit that it is, in substance, the same as the Township of White Lake. It is reported as part of the Township of White Lake and blended into the appropriate fund types and account groups.

Building Authority - The Township of White Lake Building Authority is governed by a board appointed by the Township of White Lake's township board. Although it is legally separate from the Township of White Lake, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the Township of White Lake's public buildings.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual--that is, when they become both measurable and available to finance expenditures of the period. Property taxes, state-shared revenue, interest, reimbursement grants, and charges for services are considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.

TOWNSHIP OF WHITE LAKE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE A - Summary of Significant Accounting Policies (continued)

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Governmental Funds:

The Township reports the following major governmental funds:

General Fund

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fire Fund

The Fire Fund is a special revenue fund used to account for fire protection within the Township.

Police Fund

The Police Fund is a special revenue fund used to account for police protection within the Township.

Improvement Revolving Fund

The Improvement Revolving Fund is a special revenue fund used to account for money advanced from the General Fund in accordance with statutory provisions.

Special Assessment Fund

The Special Assessment Fund is a special revenue fund used to account for the collection and disposal of Township solid waste and various special assessments collected on behalf of others.

Sewer Debt Fund

The Sewer Debt Fund is a debt service fund used to account for accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs associated with the construction of Township sewers.

Pontiac Lake Sewer Debt Fund

The Pontiac Lake Sewer Debt Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs associated with the construction of sewers for those residents of the Pontiac Lake assessment.

TOWNSHIP OF WHITE LAKE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE A - Summary of Significant Accounting Policies (continued)

Additionally, the Township reports the following fund types:

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust funds).

Proprietary Fund

The Township reports the following major proprietary fund:

Water Fund

The Water Fund accounts for the operation, maintenance and distribution of the water system.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water Fund relates to charges to customers for sales and services. The water fund also recognized the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Fiduciary Funds

Agency Funds

Agency Funds are used to account for assets held by the Township as an agent for individuals, private organizations, other governments and/or other funds. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Property Taxes

The Township of White Lake property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township of White Lake as of the preceding December 31st.

The Township is a Charter Township with a calendar year (December 31) fiscal period. Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These property taxes are billed on December 1 of the following year. Property taxes are billed on December 1 and are recognized as revenues for the subsequent year beginning January 1. These taxes are due on February 14 with the final collection date of February 28. Delinquent real property taxes are purchased by Oakland County from the Township, and accordingly are recognized as revenue in the current year. Delinquent personal property taxes are not recorded as taxes receivable; revenues are recognized when received.

The 2006 taxable valuation of the Township of White Lake total \$1,183,926,660, on which ad valorem taxes levied consisted of 0.9948 mills for the Township of White Lake operation purposes, 1.6144 mills for fire, 2.6392 mills for police, raising \$1,177,770 for operating, \$1,950,896 for fire, and \$3,147,339 for police. These amounts are recognized in the respective General and Special Revenue Fund financial statements as taxes receivable.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE A - Summary of Significant Accounting Policies (continued)Assets, Liabilities, and Net Assets or EquityCash and Investments

Deposits are carried at cost and consist of cash on hand, checking accounts, and investments in short-term investments, generally pooled investment funds. The carrying value of deposits, which includes certificates of deposit with an original maturity of three months or less, is separately displayed on the balance sheet as "cash and cash equivalents".

For purposes of the Statement of Cash Flows, the Township considered cash deposits and certificates of deposits with a maturity of three months or less when purchased to be cash equivalents.

Interfund Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds" on the balance sheet. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Receivables

All trade and property tax receivables are considered fully collectible by the Township. No provision has been made in the financial statements for noncollection. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Prepaid Items

Certain payments to vendors reflect costs applicable to future years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain revenues of the enterprise funds require amounts to be set aside for debt service principal and interest, operations and maintenance, and improvements and replacement of the water system. According to grant provisions of the Police Fund the amount received is to be set aside for police equipment. These amounts have been classified as restricted assets.

Capital Assets

Capital assets, which include land, land improvements, buildings, building improvements, vehicles, machinery, equipment and infrastructure are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Infrastructure assets are long-lived capital assets that normally can be preserved for a significantly greater number of year than most capital assets.

Capital assets that are being depreciated are reported net of accumulated depreciation in the statement of net assets. Capital assets that are not being depreciated, such as land, are reported separately.

Capital assets are depreciated over their estimated useful lives. Depreciation expense is reported in the statement of activities by allocating the net cost over the estimated useful life of the assets. Assets are depreciated on an individual basis for equipment and buildings.

Depreciation of all exhaustible fixed assets used by propriety fund types is charged as an expense against their operations. Accumulated depreciation is reported on propriety fund type balance sheets. Depreciation has been provided over the estimated useful lives.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Water System	50
Buildings and Improvements	5-50
Vehicles	5-12
Furniture and Equipment	5-20
(Police, Fire, Office)	
Sewer System	50

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE A - Summary of Significant Accounting Policies (continued)Compensated Absences (Sick Leave)

Sick pay earned is recognized in the governmental financial statements when they are paid. The long-term portion of compensated absences related to governmental funds is a liability recorded in the Statement of Net Assets.

Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Assets. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and net of any deferred charges on bond refundings. Issuance costs are reported as deferred charges.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance present tentative management plans that are subject to change.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

NOTE B - Expenditures Over BudgetBudgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General and Special Revenue Funds. All annual appropriations lapse at year end. The Township's appropriation resolution is generally passed during the November preceding the year in which the planned expenditures relate. Subsequent amendments are made to avoid unfavorable variances from the original budget. Related resolutions are made to state the purpose and amount of the changes. The Township Supervisor has the responsibility to enforce the budget. Unused appropriations do not carry forward to the next year.

The budget document presents information by fund, function, department and line items. The legal level (the level at which expenditures may not legally exceed appropriations) of budgetary control adopted by the board is at the department (activity) level.

The Township board must approve budget amendments at the activity level and supplemental appropriations, which affect total fund expenditures. The Supervisor can transfer appropriations between line items within a department or activity without governing body approval.

Supplemental appropriations were necessary during the year, which increased total expenditures.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

P.A. 2 of 1968 as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated in budget resolutions of the governing body.

TOWNSHIP OF WHITE LAKE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE B - Expenditures Over Budget (continued)

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Township of White Lake incurred expenditures in certain budgeted funds which were significantly in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Activity</u>	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>	<u>Budget Variance</u>
General	Capital outlay - elections	\$ 3,650	\$ 126,452	\$122,802*
General	Debt service		9,189	9,189
General	Operating transfer out	1,053,681	1,144,912	91,231
Fire	Salaries	1,075,071	1,082,909	7,838
Fire	Pension	114,000	121,493	7,493
Fire	Professional fees	18,800	30,486	11,686
Fire	Vehicle maintenance expense	36,400	79,426	43,026
Fire	General insurance	61,500	83,404	21,904
Police	Salaries	2,191,997	2,249,808	57,811**
Police	Social Security	152,800	169,210	16,410
Police	Professional fees	94,500	108,479	13,979
Improvement Revolving	Capital outlay		38,334	38,334
Special Assessment	Garbage	1,350,000	1,365,425	15,425
Special Assessment	Other	302,946	310,261	7,315
Drug Forfeiture	Public safety	400	10,370	9,970
CDBG	Minor home repair	41,202	77,110	35,908
General Sewer	Public works	63,500	179,155	115,655

* There is an election equipment grant revenue to offset this expenditure.

** This variance was the result of retroactive pay settled in union negotiations finalized in 2007.

NOTE C - Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated various banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all of the State statutory authorities as listed above. The Township's deposits and investment policies are in accordance with statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$24,183,132 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

TOWNSHIP OF WHITE LAKE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE C - Deposits and Investments (continued)

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township does not have a policy for custodial credit risk. At year end, the Township had no investment securities that were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the Township had no investments with interest rate risk.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Bank investment pools	\$16,507,343		Not rated
Interlocal agreement fund - MBIA	721,904		Not rated

TOWNSHIP OF WHITE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE D - Capital Assets

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 1,267,944	\$ 602,820	\$	\$ 1,870,764
Construction in Progress	<u>4,373,971</u>	<u>47,134</u>	<u>4,373,971</u>	<u>47,134</u>
Subtotal	<u>\$ 5,641,915</u>	<u>\$ 649,954</u>	<u>\$ 4,373,971</u>	<u>\$ 1,917,898</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	\$ 4,236,917	\$ 5,750	\$	\$ 4,242,667
Vehicles	3,117,864	563,458	161,094	3,520,248
Furniture and Equipment	1,276,851	235,947	71,155	1,441,643
Sewer System	<u>9,436,399</u>	<u>4,384,332</u>		<u>13,820,731</u>
Subtotal	<u>\$18,068,051</u>	<u>\$5,189,487</u>	<u>\$ 232,249</u>	<u>\$23,025,289</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 1,098,189	\$ 114,448	\$	\$ 1,212,637
Vehicles	1,910,094	312,467	134,558	2,088,003
Furniture and Equipment	659,557	125,774	59,826	725,505
Sewer System	<u>676,275</u>	<u>269,107</u>		<u>945,382</u>
Subtotal	<u>\$ 4,344,115</u>	<u>\$ 821,796</u>	<u>\$ 194,384</u>	<u>\$ 4,971,527</u>
Net Capital Assets Being Depreciated	<u>\$13,723,936</u>	<u>\$4,367,691</u>	<u>\$ 37,865</u>	<u>\$18,053,762</u>
Governmental Activities Total				
Capital Assets--Net of Depreciation	<u>\$19,365,851</u>	<u>\$5,017,645</u>	<u>\$4,411,836</u>	<u>\$19,971,660</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 253,080	\$	\$	\$ 253,080
Construction in Progress	<u>744,530</u>	<u>282,238</u>		<u>1,026,768</u>
Subtotal	<u>\$ 997,610</u>	<u>\$ 282,238</u>		<u>\$ 1,279,848</u>
Capital Assets Being Depreciated:				
Water System	\$ 7,796,327	\$	\$ 6,750	\$ 7,789,577
Machinery and Equipment	<u>119,530</u>	<u>16,865</u>		<u>136,395</u>
Subtotal	<u>\$ 7,915,857</u>	<u>\$ 16,865</u>	<u>\$ 6,750</u>	<u>\$ 7,925,972</u>
Less Accumulated Depreciation for:				
Water System	\$ 4,603,052	\$ 125,916	\$ 6,750	\$ 4,722,218
Machinery and Equipment	<u>78,725</u>	<u>16,419</u>		<u>95,144</u>
Subtotal	<u>\$ 4,681,777</u>	<u>\$ 142,335</u>	<u>\$ 6,750</u>	<u>\$ 4,817,362</u>
Net Capital Assets Being Depreciated	<u>\$ 3,234,080</u>	<u>\$ (125,470)</u>		<u>\$ 3,108,610</u>
Business-Type Activities Total Capital				
Assets--Net of Depreciation	<u>\$ 4,231,690</u>	<u>\$ 156,768</u>		<u>\$ 4,388,458</u>

TOWNSHIP OF WHITE LAKE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE D - Capital Assets (continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities:	
General Government	\$102,337
Public Safety	396,586
Public Works	269,107
Economic Development	9,689
Recreation and Culture	34,644
Health and Welfare	<u>9,433</u>
Total Governmental Activities	<u>\$821,796</u>
Business-Type Activities:	
Water	<u>\$142,335</u>

Construction Commitments

The government has active construction projects at year-end. At year-end the government's commitments with these contracts are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Paving Project	\$ <u>150,857</u>	\$ <u>42,000</u>
Water Line Extension	\$ <u>824,430</u>	\$ <u>76,000</u>
Sewer Project	\$ <u>38,334</u>	\$ <u>102,000</u>

NOTE E - Interfund Receivables, Payables and Transfers

Generally, outstanding balances between funds reported as "due to/from and other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

TOWNSHIP OF WHITE LAKE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE E - Interfund Receivables, Payables and Transfers (continued)

The following are the interfund receivables at December 31, 2006:

Fund Due To	Fund Due From	Amount
General Fund	Enterprise Fund	\$ 73,010
	Tax Collection Fund	658,428
	Trust and Agency Fund	215,506
	Special Assessment Fund	129,831
	Community Development Block Grant	24,680
	Pontiac Lake Sewer Debt	6,915
	Pontiac Lake Sewer Construction	8,094
	General Sewer	74,846
	Improvement Revolving	<u>186,983</u>
	Total General Fund	\$1,378,293
Special Revenue Funds:		
Fire Fund	Tax Collection Fund	1,008,661
Police Fund	Tax Collection Fund	1,627,263
Police Fund	Trust and Agency Fund	8,887
Drug Forfeiture Fund	Police Fund	2,250
Special Assessment Fund	Tax Collection Fund	886,747
Parks and Recreation	Tax Collection Fund	183,642
Public Act 188	Special Assessment Fund	13,840
Public Act 188	General Fund	6,950
General Sewer Fund	Sewer Debt Fund	<u>3,500</u>
	Total Special Revenue Fund	\$3,741,740
Debt Service Funds:		
Sewer Debt	Tax Collection Fund	2,083
Sewer Debt	General Fund	50,914
Pontiac Lake Sewer Debt	Sewer Debt	131,371
Pontiac Lake Sewer Debt	Tax Collection Fund	40,367
Pontiac Lake Sewer Debt	Pontiac Lake Sewer Construction	<u>196,448</u>
	Total Debt Service Fund	\$ 421,183
Enterprise Fund	Tax Collection Fund	25,882
Construction Fund:		
Pontiac Lake Sewer Construction	Sewer Debt Fund	<u>19,100</u>
	Total Interfund receivable	<u>\$5,586,198</u>

These balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers

Transfers in	Transfers (Out)			
	Police	General Fund	Improvement Revolving	Total
General Fund	\$	\$	\$ 833,655	\$ 833,655
Fire Fund		693,904		693,904
Police Fund		383,008		383,008
Drug Forfeiture	222			222
PA 188		<u>68,000</u>		<u>68,000</u>
Total	<u>\$ 222</u>	<u>\$1,144,912</u>	<u>\$ 833,655</u>	<u>\$1,978,789</u>

TOWNSHIP OF WHITE LAKE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE E - Interfund Receivables, Payables and Transfers (continued)

Interfund Transfers (continued)

Transfers of unrestricted revenues collected in the General Fund to finance Police and Fire Funds in accordance with budgetary authorizations.

Transfers of restricted revenues collected in the Drug Forfeiture fund were used to assist the Police Fund in purchasing qualifying expenditures.

Transfers of unrestricted reserves in the Improvement Revolving Fund were used to reimburse the General Fund for approved expenditures.

Transfers of unrestricted reserves in the General Fund were used in PA 188 Fund to finance qualifying expenditures.

Advances

<u>Advance to (1)</u>	<u>Advance From Water Fund</u>
General Fund	\$ <u>86,050</u>

(1) This balance is not expected to be repaid within one year. This advance represents the portion assessed to the General Fund for construction of water lines at Township properties.

NOTE F - Lease Commitments and Long-Term Debt

The following is a summary of general long-term debt of the Township for the year ended December 31, 2006:

	<u>Building Authority Bonds</u>	<u>Special Assessment Bonds</u>	<u>General Obligation Bonds</u>	<u>Capital Lease Obligations</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance at January 1, 2006	\$ 150,000	\$ 705,000	\$10,850,000	\$ 37,349	\$ 91,600	\$11,833,949
Increase in obligation for compensated absences					6,100	6,100
Principal retirements	<u>(150,000)</u>	<u>(105,000)</u>	<u>(655,000)</u>	<u>(6,265)</u>		<u>(916,265)</u>
Balance at December 31, 2006	\$ <u> </u>	\$ <u>600,000</u>	<u>\$10,195,000</u>	\$ <u>31,084</u>	\$ <u>97,700</u>	<u>\$10,923,784</u>

The following is a summary of long-term debt for the enterprise fund:

	<u>Revenue Bonds</u>
Balance at January 1, 2006	\$455,000
Principal retirements	<u>(50,000)</u>
Balance at December 31, 2006	<u>\$405,000</u>

TOWNSHIP OF WHITE LAKE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE F - Lease Commitments and ong-Term Debt (continued)

Special Assessment Bonds:

On September 1, 2003 special assessment bonds in the amount of \$890,000 were sold for the Pontiac Lake Sewer. These bonds will be financed by special assessments to certain property owners. The bonds interest rate varies from 3.05% to 5.0%. Schedule of required interest and principal payments is as follows:

	<u>Annual Interest</u>	<u>Annual Principal</u>
2007	\$ 20,550	\$ 100,000
2008	17,450	100,000
2009	14,150	100,000
2010	11,050	100,000
2011	7,600	100,000
2012	<u>3,900</u>	<u>100,000</u>
	<u>\$ 74,700</u>	<u>\$ 600,000</u>

General Obligations Bonds:

On July 1, 1995 the Township sold \$725,000 Sewage Disposal System Bonds. These bonds are part of the financing for the sewer system project. The bonds bear interest at a rate of 4.8% to 6.0%. Schedule of required principal and interest payments is as follows:

	<u>Annual Interest</u>	<u>Annual Principal</u>
2007	\$ 27,291	\$ 35,000
2008	25,255	40,000
2009	23,035	40,000
2010	20,633	45,000
2011	17,900	50,000
2012	14,975	50,000
2013	12,000	50,000
2014	8,850	55,000
2015	5,400	60,000
2016	<u>1,800</u>	<u>60,000</u>
	<u>\$157,139</u>	<u>\$ 485,000</u>

In 1996, 1997 and 1998 the Township sold \$9,350,000 sewage disposal bonds through the State of Michigan Revolving Fund. These bonds are part of the financing for the sewer system project. The bonds bear interest at a rate of 2.25%. Schedule of required principal and interest payments is as follows:

	<u>Annual Interest</u>	<u>Annual Principal</u>
2007	\$132,300	\$ 450,000
2008	122,119	455,000
2009	111,713	470,000
2010	101,025	480,000
2011	90,112	490,000
2012	78,975	500,000
2013	67,556	515,000
2014	55,856	525,000
2015	43,931	535,000
2016	31,725	550,000
2017	19,238	560,000
2018	<u>6,469</u>	<u>575,000</u>
	<u>\$861,019</u>	<u>\$8,105,000</u>

TOWNSHIP OF WHITE LAKE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE F - Lease Commitments and Long-Term Debt (continued)

On September 26, 2002 the Township sold \$4,130,000 Pontiac Lake Sanitary Sewer System bonds through the Michigan Municipal Bond Authority. As of December 31, 2005 \$4,121,112 of these proceeds have been distributed to the Township. These bonds are financed by special assessments to certain property owners. The bonds bear interest at a rate of 2.50%. The repayment schedule on the outstanding amount distributed is as follows:

	<u>Annual Interest</u>	<u>Annual Principal</u>
2007	\$ 87,813	\$ 185,000
2008	83,125	190,000
2009	78,313	195,000
2010	73,375	200,000
2011	68,312	205,000
2012	63,125	210,000
2013	57,812	215,000
2014	52,375	220,000
2015	46,813	225,000
2016	41,062	235,000
2017	35,125	240,000
2018	29,063	245,000
2019	22,875	250,000
2020	16,563	255,000
2021	10,062	265,000
2022	<u>3,375</u>	<u>270,000</u>
	<u>\$769,188</u>	<u>\$3,605,000</u>

Capital Lease Obligations:

On December 1, 2005 the Township entered into a lease agreement acquiring three copiers in the General Fund at a cost of \$37,349. The agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date on the Statement of Net Assets. The assets are depreciated over the useful life. Depreciation of these assets is included in depreciation expense on the Statement of Activities. The amount of accumulated depreciation on property held under capital leases at December 31, 2005 was \$622. Schedule of required interest and principal payments is as follows:

	<u>Annual Interest</u>	<u>Annual Principal</u>
2007	\$ 2,372	\$ 6,817
2008	1,772	7,417
2009	1,119	8,070
2010	<u>408</u>	<u>8,780</u>
	<u>\$ 5,671</u>	<u>\$ 31,084</u>

Compensated Absences:

Compensated absences reflected in the general long-term debt of \$97,700 represents the estimated liability to be paid to police department employees under the Township's sick pay policy. Upon meeting all requirements for full retirement, an employee will be entitled to fifty percent (50%) with a 100 day cap (maximum payment of 50 days) of his/her sick day bank. Upon favorable separation, with a minimum of ten (10) years of service, an employee is entitled to thirty percent (30%) payout with a 100 day cap (maximum payment of 30 days).

TOWNSHIP OF WHITE LAKE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE F - Lease Commitments and Long-Term Debt (continued)

Enterprise Fund:

On February 2, 2000 special assessment bonds in the amount of \$705,000 were sold for the Fisk Road water main. These bonds will be financed by special assessments to certain property owners. The bonds interest rate varies from 5.0% to 6.0%. Schedule of required interest and principal payments is as follows:

	<u>Annual Interest</u>	<u>Annual Principal</u>
2007	\$ 22,428	\$ 50,000
2008	19,827	50,000
2009	17,178	45,000
2010	14,747	45,000
2011	12,273	45,000
2012	9,753	45,000
2013	7,187	45,000
2014	4,600	40,000
2015	<u>2,300</u>	<u>40,000</u>
	<u>\$110,293</u>	<u>\$ 405,000</u>

Summary of Long-Term Debt Requirements:

The amounts necessary to amortize the debt described above for years subsequent to December 31, 2006 (excluding compensated absences) are as follows:

Year ending December 31,	General Long-Term Debt		Enterprise Fund	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 776,817	\$ 270,326	\$ 50,000	\$ 22,428
2008	792,417	249,721	50,000	19,827
2009	813,070	228,330	45,000	17,178
2010	833,780	206,491	45,000	14,747
2011	845,000	183,924	45,000	12,273
2012-2016	4,105,000	586,155	170,000	23,840
2017-2021	2,390,000	139,395		
2022	<u>270,000</u>	<u>3,375</u>		
	<u>\$10,826,084</u>	<u>\$1,867,717</u>	<u>\$ 405,000</u>	<u>\$110,293</u>

NOTE G - Restricted Assets

The balances of the restricted asset accounts are as follows:

Enterprise Fund:

Revenue Restrictions:

Operations and Maintenance Account	\$ 410,720
Improvements and Replacement Account	2,809,195
Bond Reserve	<u>376,941</u>
Total Restricted Assets	<u>\$3,596,856</u>

TOWNSHIP OF WHITE LAKE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE H - Receivables

At December 31, 2006, Receivables - Other consisted of the following:

	<u>General Fund</u>
Comcast	\$ 79,194
Taxpayers	<u>14,221</u>
	<u>\$ 93,415</u>

NOTE I - Retirement Plans

Defined Contribution Plan:

Effective April 1989, the Township established a defined contribution pension plan for all full-time employees hired before April 1, 1992. A defined contribution plan provides pension benefits in return for services rendered, provides an individual account for each participant and specifies how contributions to the individual accounts are to be determined instead of specifying the amount of benefit the individual is to receive. Participants become one-hundred percent vested after twenty months of service. In a defined contribution plan benefits depend solely on amounts contributed to the plan plus investment earnings. Contributions are calculated on employee base salary at a rate of ten percent which includes employee contributions of two or three percent depending on the terms of negotiated labor contracts. Employees may make additional voluntary contributions to the plan.

The Township's contribution of \$33,697 (10% of covered payroll) to this plan was calculated using the base pay amount of \$336,970, total payroll for 2006 was \$5,237,937.

Deferred Compensation Plan:

The Township Board offers all Township employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plans were held in trust, (custodial account or annuity contract) as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof of the exclusive benefit of the participants holds the custodial account for the beneficiaries of the Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balance and activities are not reflected in the Township's financial statements.

Defined Benefit Plan:

The Township participates in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance; disability retirement allowance, nonduty-connected death and postretirement adjustments to plan members and their beneficiaries. All Township full-time employees are eligible to participate in the system. All employees who retire after age 60 with 10 years of credited service are entitled to a retirement benefit, payable for life, equal to 2.5% of their 3-year final average compensation (FAC), with a maximum benefit of 80% of FAC. The system also provides disability benefits to a member who becomes totally and permanently disabled while employed by the Township and after acquiring 10 or more years of credited service. The service requirement is waived if the disability is from service connected causes. If a member or vested former member with 10 or more years of service dies in a non-duty related death before retirement, a monthly survivor allowance may be payable. The service requirement is waived in a duty related death. The most recent period for which actuarial data was available was for the year ended December 31, 2005.

MERS was organized pursuant to Section 12a of Act #156, Public Acts of 1851 (MSA 5.333(a); MCLA 46.12(a)), as amended, State of Michigan. MERS is regulated under Act No. 427 of the Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 447 North Canal Street, Lansing, Michigan 48917.

TOWNSHIP OF WHITE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE I - Retirement Plans (continued)

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining unit or personnel policy. The Township is required to contribute at an actuarially determined rate; the current rate was 8.57% of annual covered payroll for non-union employees, 6.97% for police employees, 10.63% for fire employees, 15.93% for public safety employees and 5.90% for command employees at December 31, 2005. Employees also contribute to the plan; the current rate is 7.40% for non-union employees, 5.0% for police employees, 5.0% for fire employees, 9.6% for public safety employees and 7.50% for command employees.

During the year ended December 31, 2005, the Township's annual pension cost of \$408,702 for the plan was equal to the required and actual contribution. The annual required contribution was determined by an actuarial valuation of the plan as of December 31, 2003. The employer contribution rate has been determined based on the entry age normal cost funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 33 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases. The actuarial value of assets was determined using techniques that smooth effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll over 30 years. The amortization period is open.

Three Year Trend Information for GASB Statement No. 27:

<u>Fiscal Period Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
December 31, 2003	\$ 300,545	100%	\$ -0-
December 31, 2004	382,883	100%	-0-
December 31, 2005	408,702	100%	-0-

Required Supplementary Information for GASB Statement No. 27:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as of Percentage of Covered Payroll (b-a)/(c)</u>
<u>December 31,</u>	<u>(a)</u>	<u>(b)</u>	<u>(b-a)</u>			
2003	\$ 8,309,580	\$ 10,670,330	\$ 2,360,750	77.9%	\$4,202,592	56.2%
2004	9,327,907	11,959,604	2,631,697	78.0%	4,407,613	59.7%
2005	10,353,808	13,298,408	2,944,600	77.9%	4,721,473	62.4%

NOTE J - Post Employment BenefitsUnion Employees:

The Township provides health care benefits to all full-time employees upon retirement with 25 years of service and after attaining the age of 55 years, or 10 years of service and after attaining the age of 60 years, in accordance with labor contracts. The Township includes pre-Medicare retirees and their dependents in its Insured health care plan, with contributions required by the participant for dependents. The Township purchases Medicare supplemental insurance for retirees eligible for Medicare.

Non-Union Employees:

The Township provides health care benefits for all retiring employees with 25 years of service and after attaining the age of 50 years, or 10 years of service and after attaining the age of 60 years. The Township includes pre-Medicare retirees and their spouse in its Insured health care plan, with contributions required by the participant for their spouse. The Township purchases Medicare supplemental insurance for retirees eligible for Medicare.

Expenditures for post employment health care benefits are recognized as the insurance premiums become due; during the year ended December 31, 2006, this amounted to approximately \$127,677 and covered seventeen retired employees.

TOWNSHIP OF WHITE LAKE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE J - Post Employment Benefits (continued)

Fulltime Elected Officials

The Township will carry medical benefits for spouses of fulltime elected officials at retirement, if they meet 25 years of service and 50 years of age or 8 years of service and 60 years of age.

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2008.

NOTE K - Commitments

At December 31, 2006, the Township has commitments as follows:

The Township is in the process of purchasing police cars at an estimated cost of \$100,300.

NOTE L - Litigation and Contingent Liabilities

The Township is a defendant in various litigations. The Township attorney and management are of the opinion that any potential liability resulting from these cases, either can not be determined, is not material or should be within the insurance coverage of the Township, therefore, is not reflected in the financial statements.

NOTE M - Sewer Systems

The Township has operating sewers and is in the process of constructing additional sewer extensions throughout the Township. The Township belongs to the Commerce/White Lake Sewer System. Oakland County operates and maintains this sewer system.

NOTE N - Reserved Fund Balances

Fund balances have been reserved for the following purposes:

	<u>General Fund</u>
Transportation	<u>\$ 32,458</u>
	<u>Fire Fund</u>
Equipment acquisition	<u>\$ 4,731,445</u>

TOWNSHIP OF WHITE LAKE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE O - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for health, dental and life claims. The Township participates in the Michigan Municipal Risk Management Authority state pool for claims relating to property loss, torts, errors and omissions and participates in the Michigan Municipal League risk pool for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority State Pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.

NOTE P - Building Permit Fund

As per Public Act 245 of 1999 the building permit schedule of revenues and expenditures for the year is detailed below:

Accumulated surplus of expenditures over revenues - December 31, 2005	\$ 288,704
2006:	
Revenues:	
Building Permits	\$194,092
Electric Permits	49,707
Heating Permits	55,705
Plumbing Permits	38,742
Plot Plan Review	5,700
Building Plan Review	28,580
Fire Safety Reviews	<u>9,573</u>
Total revenues	382,099
Expenditures:	
Building Inspections (see page 42 - Statement of Expenditures - General Fund)	<u>506,042</u>
Surplus of revenues over (under) expenditures	\$(123,943)
Accumulated excess of revenues over expenditures - December 31, 2006	<u>\$ 164,761</u>

REQUIRED SUPPLEMENTAL INFORMATION

TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended December 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenues:				
Taxes:				
Current tax.	\$ 1,101,174	\$ 1,101,174	\$ 1,093,695	\$ (7,479)
Delinquent	7,000	7,000	5,084	(1,916)
Trailer taxes.	13,000	13,000	11,672	(1,328)
Interest and penalty	26,500	26,500	24,292	(2,208)
	<u>\$ 1,147,674</u>	<u>\$ 1,147,674</u>	<u>\$ 1,134,743</u>	<u>\$ (12,931)</u>
Licenses and permits:				
General licenses and permits	8,350	8,350	7,364	(986)
Building permits	400,000	400,000	194,092	(205,908)
Electrical permits	80,000	80,000	49,707	(30,293)
Plumbing permits	80,000	80,000	38,742	(41,258)
Heating permits.	90,000	90,000	55,705	(34,295)
Soil erosion & extraction permit	25,000	25,000	17,846	(7,154)
Dog licenses	1,000	1,000	775	(225)
Cable T.V. franchise	186,500	186,500	292,261	105,761
	<u>\$ 870,850</u>	<u>\$ 870,850</u>	<u>\$ 656,492</u>	<u>\$ (214,358)</u>
State sources:				
State revenue sharing.	2,116,719	2,116,719	2,072,142	(44,577)
Election equipment grant			126,316	126,316
Metro Act.	15,000	15,000	14,152	(848)
SMART grant.	65,042	65,042	63,580	(1,462)
	<u>\$ 2,196,761</u>	<u>\$ 2,196,761</u>	<u>\$ 2,276,190</u>	<u>\$ 79,429</u>
Charges for services:				
Site and plate fees.	6,500	6,500	4,290	(2,210)
Building plan review	40,000	40,000	28,580	(11,420)
Fire safety review	10,000	10,000	9,573	(427)
Plot plan review	20,000	20,000	5,700	(14,300)
Board of Appeals	4,000	4,000	4,538	538
Special meeting fees	10,000	10,000	15,932	5,932
Sewer related fees	10,000	10,000		(10,000)
Cemetery - sale of lots.	3,000	3,000	5,100	2,100
Duplicating and photostating	1,500	1,500	2,221	721
Senior services.	11,000	11,000	17,328	6,328
Other maps, codes, etc	2,500	2,500	814	(1,686)
Enhanced revenue	1,500	1,500	1,666	166
Passport processing fee.	2,000	2,000	10,230	8,230
Administration fees - other funds.	30,000	30,000	56,427	26,427
	<u>\$ 152,000</u>	<u>\$ 152,000</u>	<u>\$ 162,399</u>	<u>\$ 10,399</u>
Fines and forfeitures - ordinance fines.	2,000	2,000		(2,000)

TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenues (continued):				
Interest and rents:				
Interest earnings	100,000	100,000	407,040	307,040
Rents:				
Community Hall rental	6,000	6,000	7,855	1,855
Dublin Center rental	1,000	1,000	200	(800)
Field rentals	3,000	3,000	2,475	(525)
Lot rentals			6,000	6,000
Ormond Road Tower rental	4,800	4,800	4,840	40
Wolverine Lake van rental	4,000	4,000	2,169	(1,831)
	<u>\$ 118,800</u>	<u>\$ 118,800</u>	<u>\$ 430,579</u>	<u>\$ 311,779</u>
Other:				
Street lighting	18,000	18,000	16,692	(1,308)
Special assessment			24,351	24,351
Refunds and rebates	27,000	25,000	63,833	38,833
Contributions	3,500	3,500	6,827	3,327
Sale of fixed assets	500	500	660	160
Tri-Party reimbursement			53,799	53,799
Reimbursements	68,000	68,000	70,444	2,444
Miscellaneous	11,500	11,500	36,372	24,872
	<u>\$ 128,500</u>	<u>\$ 126,500</u>	<u>\$ 272,978</u>	<u>\$ 146,478</u>
Total revenues	<u>\$ 4,616,585</u>	<u>\$ 4,614,585</u>	<u>\$ 4,933,381</u>	<u>\$ 318,796</u>
Expenditures:				
General government:				
Township board:				
Salaries - Trustees	31,428	31,428	31,392	36
Fees and per diem	4,000	7,100	7,320	(220)
Social security	2,710	2,950	2,960	(10)
Employee insurance	450	450	457	(7)
Travel and conferences	6,000	6,000	2,819	3,181
General insurance	150	270	248	22
Dues and subscriptions	15,500	15,600	15,609	(209)
Miscellaneous	1,000	540	98	442
	<u>\$ 61,238</u>	<u>\$ 64,338</u>	<u>\$ 61,103</u>	<u>\$ 3,235</u>
Supervisor:				
Salary - officer	72,125	72,125	72,090	35
Salary - Administrative assistant	50,336	50,336	50,280	56
Salary - clerical	19,500	19,500	6,142	13,358
Social security	12,000	12,000	10,102	1,898
Employee insurance	41,771	41,771	20,317	21,454

TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (continued):				
General government (continued):				
Supervisor (continued):				
Pension.	17,000	17,000	16,544	456
Travel and conferences	7,500	7,300	6,535	765
General insurance.	1,500	1,500	2,111	(611)
Dues and subscriptions	500	700	695	5
Miscellaneous.	300	300	203	97
	<u>\$ 222,532</u>	<u>\$ 222,532</u>	<u>\$ 185,019</u>	<u>\$ 37,513</u>
Accounting department:				
Salaries	54,503	97,403	93,863	3,540
Social security.	4,250	7,550	7,149	401
Employee insurance	18,825	22,280	20,673	1,607
Pension.	5,300	8,400	6,772	1,628
Travel and conferences	1,200	1,200	51	1,149
Dues and subscriptions	350	485	375	110
Training	1,000	1,000	887	113
Miscellaneous.	400	265		265
	<u>\$ 85,828</u>	<u>\$ 138,583</u>	<u>\$ 129,770</u>	<u>\$ 8,813</u>
Clerk:				
Salary - officer	67,000	67,000	66,964	36
Salary - Deputy Clerk.	48,980	48,980	48,936	44
Salary - clerical.	110,455	115,655	112,195	3,460
Social security.	20,000	20,000	17,287	2,713
Employee insurance	32,394	32,394	33,327	(933)
Pension.	26,500	32,600	32,308	292
Supplies	5,200	200	153	47
Communications	1,000	1,000	484	516
Travel and conferences	2,000	2,000	1,103	897
Legal notices.	20,000	15,000	14,249	751
General insurance.	1,000	1,000	979	21
Dues and subscriptions	450	750	729	21
Training	4,000	2,400	779	1,621
Miscellaneous.	200	200	45	155
	<u>\$ 339,179</u>	<u>\$ 339,179</u>	<u>\$ 329,538</u>	<u>\$ 9,641</u>
Board of review:				
Fees and per diem.	1,000	1,000	960	40
Social security.	77	77	71	6
Conferences.	150	150	60	90
	<u>\$ 1,227</u>	<u>\$ 1,227</u>	<u>\$ 1,091</u>	<u>\$ 136</u>

TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (continued):				
General government (continued):				
Audit expense.	35,000	39,300	39,256	44
Treasurer:				
Salary - officer	68,000	68,000	68,134	(134)
Salary - Deputy Treasurer.	55,250	55,250	55,281	(31)
Salaries - Clerical.	78,368	78,368	75,127	3,241
Social security.	15,500	15,500	15,150	350
Employee Insurance	64,390	59,090	59,928	(838)
Pension.	27,500	32,800	33,068	(268)
Supplies	200	200	530	(330)
Data processing.	20,000	20,000	2,342	17,658
Communications	1,000	1,000	521	479
Travel and conferences	2,600	2,600	3,395	(795)
General Insurance.	850	850	750	100
Dues and subscriptions	1,200	1,200	514	686
Training	7,000	7,000	450	6,550
Miscellaneous.	300	300	337	(37)
	\$ 342,158	\$ 342,158	\$ 315,527	\$ 26,631
Assessing:				
Salaries	246,918	246,918	245,011	1,907
Social security.	19,250	19,250	19,802	448
Employee insurance	80,553	80,553	72,981	7,572
Pension.	23,750	23,750	17,386	6,364
Professional services.		8,549	792	7,757
Data processing.	15,000	6,000	2,683	3,317
Travel and conferences	7,700	6,052	2,390	3,662
General Insurance.	6,000	7,700	7,644	56
Dues and subscriptions	840	840	710	130
Training	3,000	3,000	1,533	1,467
Miscellaneous.	200	599	148	451
	\$ 403,211	\$ 403,211	\$ 370,080	\$ 33,131
Elections:				
Fees and per diem.	28,000	30,100	30,030	70
Operating supplies	10,000	14,000	14,504	(504)
Equipment maintenance.	6,000	4,650	2,925	1,725
Miscellaneous.	3,000	4,600	4,302	298
	\$ 47,000	\$ 53,350	\$ 51,761	\$ 1,589

TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (continued):				
General government (continued):				
Township buildings and grounds:				
Salaries - custodian	101,427	101,427	101,941	(514)
Social security	7,800	7,800	8,024	(224)
Employee insurance	32,850	32,850	32,346	504
Pension	10,000	10,000	7,259	2,741
Communications	10,500	8,470	7,101	1,369
Transportation	6,000	6,000	4,562	1,438
General insurance	79,500	81,225	64,047	(2,822)
Utilities	55,600	60,525	55,014	5,511
Building and grounds maintenance	43,000	40,200	30,659	9,541
Equipment maintenance	40,000	38,180	27,790	10,390
Miscellaneous	500	500	547	(47)
	\$ 387,177	\$ 387,177	\$ 359,290	\$ 27,887
Legal fees	90,000	120,000	122,770	(2,770)
Cemetery:				
General insurance	500	500	104	396
Utilities	500	500	208	292
Maintenance	15,000	15,000	11,829	3,171
Miscellaneous	500	500		500
	\$ 16,500	\$ 16,500	\$ 12,141	\$ 4,359
Conservation services	15,000	27,200	27,179	21
Other general services administration activities:				
Mailing and postage	42,500	42,500	29,316	13,184
Office supplies	25,000	29,740	29,609	131
Miscellaneous	20,000	20,000	16,425	3,575
	\$ 87,500	\$ 92,240	\$ 75,350	\$ 16,890
Total general government	\$ 2,133,550	\$ 2,246,995	\$ 2,079,875	\$ 167,120
Public safety:				
Building inspection department:				
Salaries	276,597	276,597	255,642	20,755
Electrical inspector	50,000	50,000	31,963	18,037
Plumbing inspector	102,000	102,000	49,885	52,115
Social security	33,428	33,428	25,997	7,431
Employee insurance	81,363	81,363	74,899	6,464
Pension	24,800	24,800	17,255	7,545
Supplies	6,500	6,500	6,291	209

TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (continued):				
Public safety (continued):				
Building inspection department (continued):				
Professional fees	30,000	29,400	21,803	7,597
Communications	3,200	3,200	1,770	1,430
Transportation and conferences	14,000	14,600	12,398	2,202
General insurance	8,000	8,000	5,792	2,208
Dues and subscriptions	800	800	590	210
Training	3,000	3,000	1,345	1,655
Miscellaneous	250	250	212	38
	<u>\$ 638,938</u>	<u>\$ 638,938</u>	<u>\$ 506,042</u>	<u>\$ 127,696</u>
Ordinance officer:				
Salaries	47,000	47,000	47,412	(412)
Social security	3,800	3,800	3,432	368
Employee insurance	3,375	3,375	2,340	1,035
Pension	4,750	4,750	3,421	1,329
Travel and conferences	2,000	2,000	320	1,680
Dues and subscriptions	350	350		350
Training	1,000	1,000		1,000
Miscellaneous	400	400	443	(43)
	<u>\$ 62,675</u>	<u>\$ 62,675</u>	<u>\$ 57,968</u>	<u>\$ 5,307</u>
Total public safety	<u>\$ 696,613</u>	<u>\$ 696,613</u>	<u>\$ 563,410</u>	<u>\$ 133,203</u>
Public works:				
Highway and streets	214,000	214,500	183,458	31,042
Special projects contributions	3,178	3,178	3,178	
Street lighting	36,000	36,000	27,426	8,574
	<u>\$ 253,178</u>	<u>\$ 253,678</u>	<u>\$ 164,062</u>	<u>\$ 89,616</u>
Total public works	<u>\$ 253,178</u>	<u>\$ 253,678</u>	<u>\$ 164,062</u>	<u>\$ 89,616</u>
Health and welfare:				
Senior citizens transportation program:				
Salaries	56,300	56,300	51,824	4,476
Social security	4,500	4,500	4,004	496
Employee insurance	1,000	1,000	1,076	(76)
Supplies	1,000	1,000	72	928
Communications	2,500	2,500	2,125	375
Transportation	14,000	14,000	15,302	(1,302)
General insurance	5,000	5,000	5,117	(117)
Miscellaneous	200	200	70	130
	<u>\$ 84,500</u>	<u>\$ 84,500</u>	<u>\$ 79,590</u>	<u>\$ 4,910</u>
Total health and welfare	<u>\$ 84,500</u>	<u>\$ 84,500</u>	<u>\$ 79,590</u>	<u>\$ 4,910</u>

TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (continued):				
Community and economic development:				
Planning:				
Salaries	291,807	308,307	297,158	11,149
Social security	23,000	23,000	23,750	(750)
Employee insurance	69,411	63,911	48,892	15,019
Pension	35,700	35,700	21,157	14,543
Supplies	1,000	1,690	1,100	590
Professional fees	86,822	136,020	105,342	30,678
Communications	1,500	1,500	2,562	(1,062)
Transportation and conferences	10,000	10,000	11,389	(1,389)
Legal notices	2,000	2,000	1,873	127
General insurance	5,000	5,000	4,682	318
Dues and subscriptions	1,250	1,250	1,489	(239)
Training	3,000	3,000	350	2,650
Miscellaneous	200	200		200
Total community and economic development	\$ 530,690	\$ 591,578	\$ 519,744	\$ 71,834
Recreation and culture:				
Other recreation and park activities	4,000	5,765	11,354	(5,589)
Senior center program:				
Salaries	108,563	108,563	91,611	16,952
Social security	8,500	8,500	7,885	615
Employee insurance	25,656	25,656	24,815	841
Pension	15,500	15,500	7,328	8,172
Supplies and activities	11,500	16,500	16,204	296
Communications	1,000	1,000	940	60
Transportation and conferences	800	800	381	419
General insurance	7,000	7,000	7,184	(184)
Utilities	9,500	9,500	7,980	1,520
Repairs and maintenance	7,000	22,000	19,945	2,055
Dues and subscriptions	400	571	509	62
Miscellaneous	500	329	144	185
	\$ 195,919	\$ 215,919	\$ 184,926	\$ 30,993
Total recreation and culture	\$ 199,919	\$ 221,684	\$ 196,280	\$ 25,404
Other:				
Sick pay allowance	8,000	8,000	660	7,340
Payroll service	10,000	12,800	12,235	565
Total other	\$ 18,000	\$ 20,800	\$ 12,895	\$ 7,905

TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (continued):				
Capital outlay:				
Elections	10,000	9,650	126,452	(122,802)
Township buildings	55,000	790,000	731,887	58,113
Cemetery	1,800	1,800	39	1,762
Planning		21,802	21,802	
Total capital outlay	\$ 66,800	\$ 817,252	\$ 880,179	\$ (62,927)
Debt service:				
Principal payments			6,265	(6,265)
Interest and fiscal charges			2,924	(2,924)
Total debt service	\$	\$	\$ 9,189	\$ (9,189)
Total expenditures	\$ 3,983,250	\$ 4,933,100	\$ 4,505,224	\$ 427,876
Excess of revenues over (under) expenditures	\$ 633,335	\$ (318,515)	\$ 428,157	\$ 746,672
Other financing sources (uses):				
Operating transfers in	40,000	916,000	833,655	(82,345)
Operating transfer out	(985,681)	(1,053,681)	(1,144,912)	(91,231)
Total other financing sources (uses)	\$ (945,681)	\$ (137,681)	\$ (311,257)	\$ (173,576)
Excess of revenues and other sources over (under) expenditures and other uses	\$ (312,346)	\$ (456,196)	\$ 116,900	\$ 573,096
Fund balance - January 1, 2006	2,105,208	2,105,208	2,105,208	
Fund balance - December 31, 2006	\$ 1,792,862	\$ 1,649,012	\$ 2,222,108	\$ 573,096

TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE
FIRE FUND

For the Year Ended December 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ 1,824,029	\$ 1,824,029	\$ 1,823,710	\$ (319)
Federal sources			21,134	21,134
Interest	15,000	15,000	25,980	10,980
Other:				
Cost recoveries	3,000	3,000	7,004	4,004
Contributions			8,000	3,000
Miscellaneous	5,000	5,000	2,181	(2,819)
Total revenues	\$ 1,847,029	\$ 1,847,029	\$ 1,883,009	\$ 35,980
Expenditures:				
Salaries	1,076,712	1,075,071	1,082,909	(7,838)
Social security	82,750	82,750	82,073	677
Employee insurance	251,150	238,900	241,683	(2,783)
Pension	114,000	114,000	121,493	(7,493)
Office supplies and expenses	4,200	4,500	3,803	697
Uniforms	10,350	10,350	10,269	81
Food allowance	6,000	6,000	6,000	
Operating supplies	47,000	46,000	41,425	4,575
Professional fees	7,500	18,800	30,486	(11,686)
Communications	9,700	9,000	10,832	(1,832)
Vehicle maintenance and expenses	38,800	36,400	79,426	(43,026)
Conferences	3,500	3,500	4,628	(1,128)
Medical supplies and services	6,750	8,388	6,695	1,693
General insurance	61,500	61,500	83,404	(21,904)
Utilities	24,550	21,100	23,347	(2,247)
Repairs and maintenance	20,500	25,650	25,919	(269)
Dues and subscriptions	4,500	5,500	6,457	(957)
Training	17,000	17,000	16,171	829
Miscellaneous	2,650	2,168	1,786	382
	<u>\$ 1,789,112</u>	<u>\$ 1,786,577</u>	<u>\$ 1,878,806</u>	<u>\$ (92,229)</u>
Capital outlay	672,351	508,425	469,543	38,882
Total expenditures	\$ 2,461,463	\$ 2,295,002	\$ 2,348,349	\$ (53,347)
Excess of revenues over (under) expenditures	\$ (614,434)	\$ (447,973)	\$ (465,340)	\$ (17,367)
Other financing sources:				
Operating transfers in	614,434	610,393	693,904	83,511
Excess of revenues and other sources over expenditures	\$	\$ 162,420	\$ 228,564	\$ 66,144
Fund balance - January 1, 2006	4,502,881	4,502,881	4,502,881	
Fund balance - December 31, 2006	\$ 4,502,881	\$ 4,665,301	\$ 4,731,445	\$ 66,144

JANZ & KNIGHT, P.L.C. - CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE
POLICE FUND

For the Year Ended December 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ 2,942,765	\$ 2,942,765	\$ 2,942,249	\$ (516)
State sources	23,000	23,000	16,007	(6,993)
Charges for services	20,000	20,000	39,408	19,408
Fines and forfeitures	100,000	100,000	140,289	40,289
Interest	16,000	16,000	42,129	26,129
Other:				
Sale of fixed assets	38,000	38,000	15,348	(22,652)
Miscellaneous	20,250	20,250	44,319	24,069
Total revenues	\$ 3,160,015	\$ 3,160,015	\$ 3,239,749	\$ 79,734
Expenditures:				
Salaries	2,150,797	2,191,997	2,249,808	(57,811)
Social security	167,100	152,800	169,210	(16,410)
Employee insurance	555,250	532,550	532,132	418
Pension	122,100	132,100	136,957	(4,857)
Office supplies and expenses	13,000	15,200	12,998	2,202
Uniforms	24,000	24,000	24,088	(88)
Operating supplies	18,200	14,100	12,539	1,561
Professional fees	78,500	94,500	108,479	(13,979)
Data processing	16,000	8,000	6,176	1,824
Communications	12,000	9,000	8,866	134
Vehicle maintenance and expenses	70,400	80,900	82,170	(1,270)
Conferences	1,500	1,500	1,970	(470)
General insurance	70,000	65,000	64,317	683
Repairs and maintenance	45,000	59,200	59,120	80
Dues and subscriptions	3,050	3,050	2,741	309
Training	16,700	16,700	17,875	(1,175)
Crossing guards	14,965	11,965	11,586	379
Miscellaneous	12,700	8,700	7,043	1,657
Total expenditures	\$ 3,391,262	\$ 3,421,262	\$ 3,508,075	\$ (86,813)
Capital outlay	140,000	110,000	114,460	(4,460)
Total expenditures	\$ 3,531,262	\$ 3,531,262	\$ 3,622,535	\$ (91,273)
Excess of revenues over (under) expenditures	\$ (371,247)	\$ (371,247)	\$ (382,786)	\$ (11,539)
Other financing sources (uses):				
Operating transfers in	371,247	371,247	383,008	11,761
Operating transfers out			(222)	(222)
Total other financing sources (uses)	\$ 371,247	\$ 371,247	\$ 382,786	\$ 11,539
Excess of revenues and other sources over expenditures and other uses	\$	\$	\$	\$
Fund balance - January 1, 2006				
Fund balance - December 31, 2006	\$	\$	\$	\$

JANZ & KNIGHT, P.L.C. - CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE
IMPROVEMENT REVOLVING FUND

For the Year Ended December 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenues:				
Interest	\$ 40,000	\$ 40,000	\$ 145,030	\$ 105,030
Expenditures:				
Capital outlay			38,334	(38,334)
Excess of revenues over expenditures	\$ 40,000	\$ 40,000	\$ 106,696	\$ 66,696
Other financing uses:				
Operating transfer out	40,000	984,000	833,655	150,345
Total other financing uses	\$ 40,000	\$ 984,000	\$ 833,655	\$ 150,345
Excess of revenues over (under) expenditures and other uses	\$	\$ (944,000)	\$ (726,959)	\$ 217,041
Fund balance - January 1, 2006	3,355,160	3,355,160	3,355,160	
Fund balance - December 31, 2006	\$ 3,355,160	\$ 2,411,160	\$ 2,628,201	\$ 217,041

TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE
SPECIAL ASSESSMENT FUND

For the Year Ended December 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenues:				
Interest	\$	\$	\$ 70,487	\$ 70,487
Other - special assessments	1,552,311	1,552,311	1,559,996	7,685
Total revenues	\$ 1,552,311	\$ 1,552,311	\$ 1,630,483	\$ 78,172
Expenditures:				
Public works:				
Special assessments:				
Garbage	1,350,000	1,350,000	1,365,425	(15,425)
Others	202,311	302,946	310,261	(7,315)
Total expenditures	\$ 1,552,311	\$ 1,652,946	\$ 1,675,686	\$ (22,740)
Excess of revenues over (under) expenditures	\$	\$ (100,635)	\$ (45,203)	\$ 55,432
Fund balance - January 1, 2006	607,205	607,205	607,205	
Fund balance - December 31, 2006	\$ 607,205	\$ 506,570	\$ 562,002	\$ 55,432

OTHER SUPPLEMENTAL INFORMATION

TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2006

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Non-Major Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 187,687	\$	\$ 202,165	\$ 389,852
Receivables:				
Taxes	171,536			171,536
Special assessments	151,323			151,323
Due from other funds	210,182		19,100	229,282
Due from other governments	45,728			45,728
Total assets	<u>\$ 766,456</u>	<u>\$</u>	<u>\$ 221,265</u>	<u>\$ 987,721</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Deferred revenue	\$ 499,264	\$	\$	\$ 499,264
Due to other funds	99,526		204,542	304,068
Total liabilities	<u>\$ 598,790</u>	<u>\$</u>	<u>\$ 204,542</u>	<u>\$ 803,332</u>
Fund balances:				
Unreserved	167,666		16,723	184,389
Total fund balances	<u>\$ 167,666</u>	<u>\$</u>	<u>\$ 16,723</u>	<u>\$ 184,389</u>
Total liabilities and fund balances	<u>\$ 766,456</u>	<u>\$</u>	<u>\$ 221,265</u>	<u>\$ 987,721</u>

TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS
 DECEMBER 31, 2006

	Drug Forfeiture	Parks and Recreation	Public Act 186	Community Development Block Grant
ASSETS				
Cash and cash equivalents	\$ 63,906	\$	\$	\$
Receivables:				
Taxes		171,536		
Special assessments			151,323	
Due from other funds	2,250	183,642	20,790	
Due from other governments				24,680
Total assets	\$ 66,156	\$ 355,178	\$ 172,113	\$ 24,680
LIABILITIES AND FUND BALANCES				
Liabilities:				
Deferred revenue	\$	\$ 355,178	\$ 144,086	\$
Due to other funds				24,680
Total liabilities	\$	\$ 355,178	\$ 144,086	\$ 24,680
Fund balances - unreserved	66,156		28,027	
Total liabilities and fund balances	\$ 66,156	\$ 355,178	\$ 172,113	\$ 24,680

General Sewer Fund	Total
\$ 123,781	\$ 187,687
	171,536
	151,323
3,500	210,182
<u>21,048</u>	<u>45,728</u>
<u>\$ 148,329</u>	<u>\$ 766,456</u>

\$	\$ 499,264
<u>74,846</u>	<u>99,526</u>
\$ 74,846	\$ 598,790
<u>73,483</u>	<u>167,666</u>
<u>\$ 148,329</u>	<u>\$ 766,456</u>

TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS
DECEMBER 31, 2006

	Building Authority	Total
ASSETS		
Cash and cash equivalents	\$	\$
Total assets.	\$	\$
LIABILITIES AND FUND BALANCES		
Fund balances - reserved for debt service	\$	\$
Total liabilities and fund balances	\$	\$

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TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECT FUNDS
DECEMBER 31, 2006

	Pontiac Lake Sewer	Total
ASSETS		
Cash and cash equivalents	\$ 202,165	\$ 202,165
Due from other funds.	19,100	19,100
Total assets.	<u>\$ 221,265</u>	<u>\$ 221,265</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Due to other funds.	\$ 204,542	\$ 204,542
Fund balances - unreserved.	16,723	16,723
Total liabilities and fund balances	<u>\$ 221,265</u>	<u>\$ 221,265</u>

TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2006

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Non-Major Governmental Funds
Revenues:				
Federal sources	\$ 98,741	\$	\$	\$ 98,741
Charges for services	92,442	148,988		241,430
Fines and forfeitures	2,876			2,876
Interest	15,489	371	10,693	26,553
Other	22,669		2,200	24,869
Total revenues	\$ 232,217	\$ 149,359	\$ 12,893	\$ 394,469
Expenditures:				
Current:				
General government	86,524			86,524
Public safety	10,370			10,370
Public works	246,920		53	246,973
Recreation and culture	12,217			12,217
Capital outlay			10,360	10,360
Debt service:				
Principal payments		150,000		150,000
Interest and fiscal charges		3,825		3,825
Total expenditures	\$ 356,031	\$ 153,825	\$ 10,413	\$ 520,269
Excess of revenues over (under) expenditures	\$ (123,814)	\$ (4,466)	\$ 2,480	\$ (125,800)
Other financing sources:				
Transfer from general fund	68,000			68,000
Transfer from police fund	222			222
Total other financing sources	\$ 68,222	\$	\$	\$ 68,222
Excess of revenues and other financing sources over (under) expenditures	\$ (55,592)	\$ (4,466)	\$ 2,480	\$ (57,578)
Fund balance - January 1, 2006	223,258	4,466	14,243	241,967
Fund balance - December 31, 2006	\$ 167,666	\$	\$ 16,723	\$ 184,389

TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2006

	Drug Forfeiture	Parks and Recreation	Public Act 188	Community Development Block Grant
Revenues:				
Federal sources	\$	\$	\$	\$ 98,741
Charges for services			6,715	
Fines and forfeitures	2,876			
Interest	2,725		658	
Other	2,250		20,419	
Total revenues	\$ 7,851	\$	\$ 27,792	\$ 98,741
Expenditures:				
Current:				
General government				86,524
Public safety	10,370			
Public works			67,765	
Recreation and culture				12,217
Total expenditures	\$ 10,370	\$	\$ 67,765	\$ 98,741
Excess of revenues over (under) expenditures	\$ (2,519)	\$	\$ (39,973)	\$
Other financing sources:				
Transfer from general fund			68,000	
Transfer from police fund	222			
Total other financing sources	\$ 222	\$	\$ 68,000	\$
Excess of revenues and other financing sources over (under) expenditures	\$ (2,297)	\$	\$ 28,027	\$
Fund balance - January 1, 2006	68,453			
Fund balance - December 31, 2006	\$ 66,156	\$	\$ 28,027	\$

General Sewer Fund	Total
\$	\$ 98,741
85,727	92,442
	2,876
12,106	15,489
	22,669
\$ 97,833	\$ 232,217
	88,524
	10,370
179,155	246,920
	12,217
\$ 179,155	\$ 356,031
\$ (81,322)	\$ (123,814)
	68,000
	222
\$	\$ 68,222
\$ (81,322)	\$ (55,592)
154,805	223,258
\$ 73,483	\$ 167,666

TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS

For the Year Ended December 31, 2006

	Building Authority	Total
Revenues:		
Charges for services	\$ 148,989	\$ 148,989
Interest	371	371
Total revenues	\$ 149,359	\$ 149,359
Expenditures:		
Debt service:		
Principal payments	150,000	150,000
Interest and fiscal charges	3,825	3,825
Total expenditures	\$ 153,825	\$ 153,825
Excess of revenues over (under) expenditures . .	\$ (4,466)	\$ (4,466)
Fund balance - January 1, 2006	4,466	4,466
Fund balance - December 31, 2006	\$	\$

JANZ & KNIGHT, P.L.C. - CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECT FUNDS

For the Year Ended December 31, 2006

	Pontiac Lake Sewer	Total
Revenues:		
Interest	\$ 10,693	\$ 10,693
Other	2,200	2,200
Total revenues	\$ 12,893	\$ 12,893
Expenditures:		
Current:		
Public works	53	53
Capital outlay	10,360	10,360
Total expenditures	\$ 10,413	\$ 10,413
Excess of revenues over expenditures	\$ 2,480	\$ 2,480
Fund balance - January 1, 2006	14,243	14,243
Fund balance - December 31, 2006	\$ 16,723	\$ 16,723

JANZ & KNIGHT, P.L.C.

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50
YEARS
1954-2004

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

May 21, 2007

Members of the Township Board
Township of White Lake
7525 Highland Road
White Lake, Michigan 48383

Dear Board Members:

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of White Lake as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of White Lake's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

The adoption of the Michigan Uniform Local Budgeting Act (Act No. 621, Public Acts of 1978), has made it mandatory that balanced budgets be adopted and that those budgets be amended before expenditures exceed the budgeted amounts. We noted that the budget was amended during the fiscal year in an attempt to comply with the budget requirements. As previously noted, despite the amendments, expenditures exceeded budgeted amounts in various activities. Listed below are the significant budget overruns:

<u>Fund</u>	<u>Activity</u>	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>	<u>Budget Variance</u>
General	Capital outlay - elections	\$ 3,650	\$ 126,452	\$122,802*
General	Debt service		9,189	9,189
General	Operating transfer out	1,053,681	1,144,912	91,231
Fire	Salaries	1,075,071	1,082,909	7,838
Fire	Pension	114,000	121,493	7,493
Fire	Professional fees	18,800	30,486	11,686
Fire	Vehicle maintenance expense	36,400	79,426	43,026
Fire	General Insurance	61,500	83,404	21,904
Police	Salaries	2,191,997	2,249,808	57,811**
Police	Social Security	152,800	169,210	16,410
Police	Professional fees	94,500	108,479	13,979
Improvement Revolving	Capital outlay		38,334	38,334
Special Assessment	Garbage	1,350,000	1,365,425	15,425
Special Assessment	Other	302,946	310,261	7,315
Drug Forfeiture	Public safety	400	10,370	9,970
CDBG	Minor home repair	41,202	77,110	35,908
General Sewer	Public works	63,500	179,155	115,655

* There is an election equipment grant revenue to offset this expenditure.

** This variance was the result of retroactive pay settled in union negotiations finalized in 2007.

During the course of the audit it was determined that in several instances employees were not paid at their approved pay rates. These items were also identified by the accounting department within the year. We recommend that all pay rate changes be approved by the supervisor in writing and given to the payroll clerk to be included in the employee file. Before the payroll clerk updates the rate in the payroll system the accounting supervisor should double check the authorization and calculation and also sign off that the new rate is accurate.

The Township's ordinances require connection fees be paid in full prior to certificate of occupancy or equivalent being issued unless special payment terms have been approved by the board. During the course of the audit it came to our attention that there was a instance where a property owner was given special payment terms without board approval. We recommend that all procedures and ordinances be followed.

The Township's Administrative Policies and Procedures require that all purchases over \$2,000 shall be approved by the Township Board prior to payment, except payroll, utility, and payments on contractual obligations. This must be used for all disbursements greater than \$2,000 even if each item on the invoice is less than the required amount. During the course of the audit we identified several instances where expenditure control procedures of the Township were not adhered to. Additional Township procedures require that all disbursements that do not require prior board approval are to be presented to the board as part of the subsequent months minutes. During the course of the audit it was discovered that a couple months of disbursements were not included in the subsequent months minutes.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses.

As previously reported, all funds should be reviewed, reconciled, and adjusted monthly to supporting detail (interfund balances, accounts receivable, etc). The reconciliation should be between the supporting detail and the general ledger produced by the Accounting System. Departments should coordinate their efforts to assist in the process. A date should be set (i.e. 10th of the following month) for the supporting documents to be submitted to the clerk's office. Closing out interfund balances should be completed monthly. In the past we have provided checklists to assist in the process, but these were not completed timely, or completed at all. As a result, our audit has produced

a significant amount of journal entries. Monthly reports that are not fully reconciled give opportunity to erroneous reports.

Additionally, we offer the following general comments and recommendations:

Previous Comments:

1. Currently, the Township does not have a policy relating to cell phones owned by the Township. We recommend that a cell phone policy be established. This policy should address personal use and reimbursement procedures to the Township when personal use occurs.

2. Currently, the Water Department assesses a 5% penalty on water billings that are delinquent. No additional penalty is assessed. Water bills that are at least six months delinquent are placed on the property tax rolls annually. The current penalty structure does not provide an incentive for residents to pay their delinquent water bills after the 5% penalty has been assessed. We recommend that all penalty provisions of the Township be reviewed to insure that they are structured to encourage timely payments to the Township.

3. The Township receives monies in advance from developers to cover various costs associated with construction projects within the Township. This activity is run through the Trust & Agency Fund. In several instances these costs have exceeded the monies advanced to the Township. The Township is aware of this and is in the process of collecting the monies owed. We recommend that the Township establish procedures that insure that monies are received in advance prior to incurring developer expenses. The Planning Department should be involved with this process.

4. Due to an upcoming accounting change, GASB 45, the Township will need to recognize the cost of retiree health care for current and future retirees. The new rules will require the Township's government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. This change will result in recording a substantial liability on the Township's books relating to retiree health care costs. It is our recommendation that the Township begin funding this liability by setting aside monies in a new fund.

New Comments:

5. To improve the internal control of wire transfers two signatures should be required just as it is on a check. This should be for transfers between funds and those to outside parties. Besides this control an outside verification should be received by the bank. To assist in this verification, we recommend that all bank accounts be setup for on-line access. Additional banking controls have been discussed privately with the Treasurer.

6. The Township needs to implement procedures on water connections to ensure payment for the water main construction is paid when a qualifying event takes place. Since this SAD was optional at the time the line was constructed not all of the responsible parties have contributed to this system. Currently, there is no system in place within the Township that would trigger the collection of this balance due. Besides this situation, we recommend that the Township review and improve upon all accounts receivable procedures. We understand that the Township is in the process of implementing an accounts receivable system.

7. The Township's Administrative Policies and Procedures restricts the Township from conducting business with any Township officer, employee or family member. During the course of our audit it was discovered that several transactions occurred. These transactions were immaterial in amount but are considered restricted transactions. We recommend that this policy be reviewed by all Township officers and employees and be adhered to.

8. Since the Township Treasurer is responsible for all monies that come into the Township, additional controls should be established for monies collected off site, i.e., the Dublin Community Center. To ensure that funds receipted at the Dublin Community Center are properly accounted for we recommend the use of pre-numbered cash receipt books (triple copy), sign in sheets, and monies for deposit should be turned over to the Treasurer including cash receipts. This should be done at least weekly.

This communication is intended solely for the information and use of management, the Members of the Township Board, and others within the Township, and not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "J&K PLC".

Certified Public Accountants

J&K/srz